


**AERA/20010/MYTP/AAI-Jaipur/CP-II/2016-17/
Airports Economic Regulatory Authority of India**

Date: 21.07.2017

Office Memorandum

Sub: Minutes of the Stakeholders' Consultation Meeting held on 03.07.2017

Please find enclosed herewith the Minutes of the Stakeholders' Consultation Meeting held on 03.07.2017 in connection with Multi Year Tariff Proposal for determination of tariffs in respect of Jaipur International Airport, Jaipur for the second control period (01.04.2016 to 31.03.2021) for information and necessary action.


**(Ramendra Pratap Shukla)
Deputy Chief**

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**Minutes of the Stakeholders Consultation Meeting held on
03rd July, 2017 at 03:00 PM**

**CONSULTATION PAPER NO.08/2017-18 DATED 16.06.2017 TO CONSIDER
THE MULTI YEAR TARIFF PROPOSAL FOR DETERMINATION OF
AERONAUTICAL TARIFFS FOR 2ND CONTROL PERIOD (FY. 01.04.2016
TO 31.03.2021) IN RESPECT OF JAIPUR INTERNATIONAL AIRPORT (JIA).**

Stakeholder Consultation Meeting was convened by the Authority on 03.07.2017 at 03.00 PM in the Conference Room, first floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi to elicit the views of the stakeholders on the Consultation Papers no. 08/2017-18 dated 16.06.2017 issued by the Authority to consider the Multi-year Tariff Proposal for the 2nd control period (FY.2016-17 to FY.2020-21) in respect of Jaipur International Airport. The list of participants is enclosed at **Annexure-I**.

The Chairman, AERA welcomed all the participants and the stakeholders to give their views and also submit written comments/ views on or before 10th July 2017.

1. JAIPUR INTERNATIONAL AIRPORT

- 1.1 Shri JS Balhara, Airport Director, Jaipur International Airport gave a presentation on technical features of Jaipur Airport. Shri G Ravichandran, ED (Tariff), AAI briefed the participants about the Financial Projections pertaining to tariff proposal of Jaipur International Airport.
- 1.2 Shri G Ravichandran stated that AERA has not considered projected cost of new terminal at Jaipur in the Consultation Paper and requested AERA to consider the same in the Capex as the new terminal was likely to be commissioned in the 2nd control period .
- 1.3 He further stated that AAI had submitted the Tariff proposal with 40% increase in Payroll expenditure in FY 2017-18 due to pay revision, however AERA has considered increase of 25% only in CP. Considering the last pay revision effective from 2007-08 where in there was approx. increase of 50% in salary & wages, he requested the Authority to consider 35% increase in Payroll expenditure.
- 1.4 Shri G Ravichandran further requested that apportionment of retirement benefits and administration expenses may be considered as per actual rather than apportionment considered by AERA. He, further, stated that tax portion pertaining to 30% non aero revenue may also be adjusted while calculating ARR. He also briefed the stakeholders on the proposed tariff card of Jaipur Airport.

The detailed Presentation is placed at Annexure II.

2. Jet Airways

- 2.1 Shri Mukesh Trehan, GM (Fin) stated that existing User Development Fees (UDF) of Jaipur airport is inclusive of taxes, however the proposed UDF charges are exclusive of taxes. He also informed that earlier the rates of UDF for Domestic and International passengers were in INR only. In the revised tariff, charges for UDF have been proposed both in INR and USD for Domestic and International passenger. Dollar paying Passengers are required to pay USD \$ @ 8.75 and USD \$ @ 27.5 for domestic and international sectors respectively, resulting in increase of UDF for international passengers to INR 2000 inclusive of Taxes which is on the higher side.
- 2.2 Shri Mukesh Trehan further stated that parking charges should be calculated on half hourly basis rather than hourly basis. Further he requested that proposed incentives to airlines may be applicable on weekly basis and not on fortnightly basis.

3. BAOA

- 3.1 Gp Capt Bali of BAOA, stated that there should be competition between oil companies which will give benefit to operator and will also be in the public interest.
- 3.2 He further stated that table 46 of Consultation Paper indicates that the revenue from Ground Handling/lease rental has increased gradually. He requested AERA to decide ground handling charges.
- 3.3 He also commented that maintenance of aircraft in hanger may be treated as aeronautical in nature.
- 3.4 Gp Capt Bali concluded with the request that charges for UDF/PSF should be linked with the services being provided to the customers.

4. GO AIR

- 4.1 Shri Satyendra Pandey, GM (Strategy & Planning), expressed that the runway capacity at Jaipur is a bottleneck for the airport development and requested AAI to increase runway capacity instead of constructing a new terminal.
- 4.2 Shri JS Balhara, Airport Director, clarified that work on construction of parallel taxi track is already in progress and the capex for the same is included in tariff proposal.
- 4.3 Chairman AERA, opined that AAI should have included capex investment plan in its Power Point Presentation, as this is an important building block for determination of tariff.

Chairman thanked all the participants for their valuable opinions and suggestion made during the entire meeting and requested all participants to submit their written submission before that due date 10/07/2017.

The meeting ended with a vote of thanks to the Chair.



List of Participants

AERA

1. Shri S. Machendranathan, Chairperson - In Chair
2. Shri N. Shankar, Member-I
3. Shri VK Sachdeva, DGM (Fin)
4. Shri Rajesh Khanna, AGM (Fin)
5. Shri Jaimon Skaria, Manager (Fin)
6. Shri Karri Narsimha, Sr. Supdt.

Airports Authority of India

7. Shri G Ravichandran, ED(Tariff)
8. Shri J.P. Radha Krishna, Airport Director, Calicut
9. Shri J.S. Balhara, Airport Director, Jaipur
10. Shri A.G. Joshi, GM (Arch)
11. Shri R.K. Das, AGM (F&A), Airport Authority of India.
12. Ms. Anju Rastogi, Senior Manager, Airport Authority of India.
13. Shri Ravi Kanojia, Asstt. Manager, Airport Authority of India

Spice Jet

14. Shri Pankaj Mathur, Sr. Manager(Standard)
15. Shri Manoj Jain

Bhadra International India Ltd

16. Shri R.V.Narayanan, Vice President

Jet Airways

17. Shri Mukesh Trehan, General Manager(F)

BAOA

18. Shri GP Capt R.K.Bali, MD

MIAL

19. Shri Alok Patni, Senior Manager

APAO

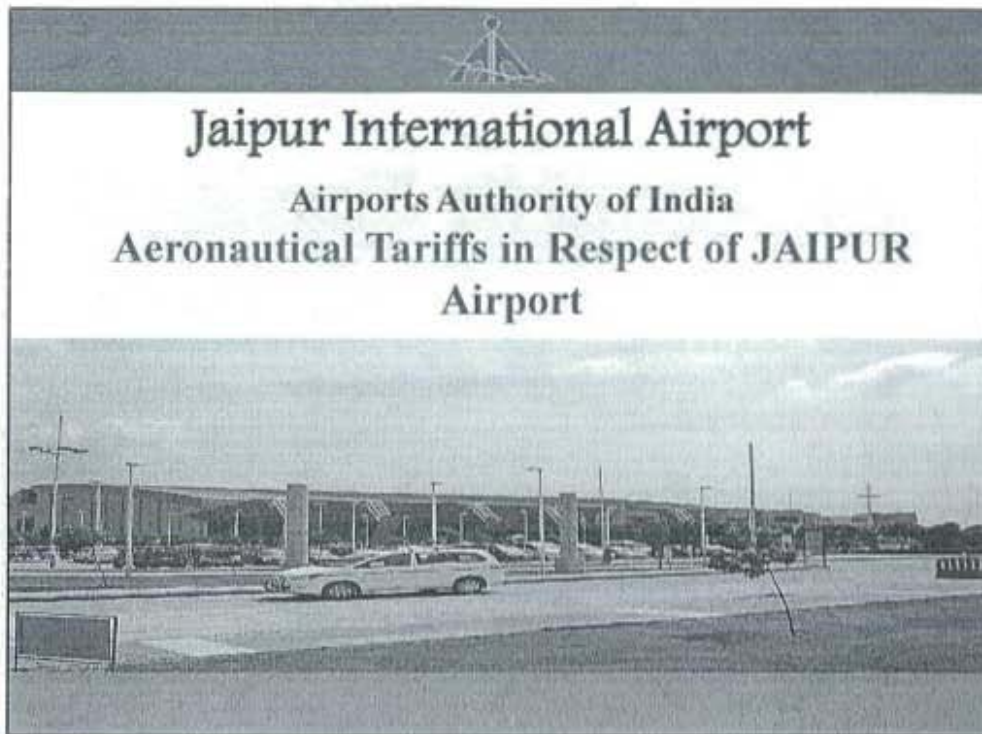
20. Shri Satyan Nayar, Secy. General

Indo Thai Airport Management Services Pvt. Ltd.

21. Shri Sudhir Shukla, Manager(Ops)

DIAL

22. Shri Shobhit Aggarwal, AGM



Agenda

- Brief on Jaipur Airport.
- Traffic Forecast.
- Initial Regulatory Asset Base (RAB).
- Airport Service Quality .
- Financial data for 1st and 2nd Control period .
- Major Capex projected for the Second Control Period.
- Annual Tariff Proposal (ATP) for the 2nd Control period.

Brief on Jaipur Airport

- Jaipur is part of the famous Golden Triangle Tourist circuit that includes Delhi Agra and Jaipur Airport is serving the capital of the Indian State of Rajasthan Jaipur. This is the only International Airport in the state of Rajasthan.
- New Terminal Building commissioned on 01.07.2009
- Jaipur International Airport is equipped with CAT III B system.

Airport Data-Technical

COMMISSIONED on 01.07.2009

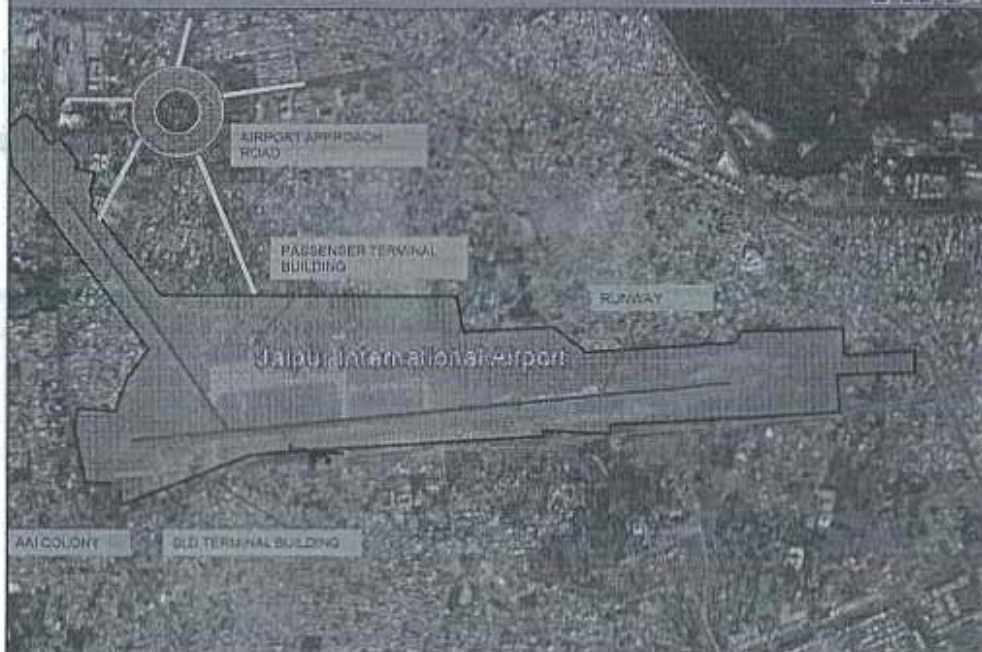
Area	18000 SQM
Pax capacity	1.5 Million
Check-In-Counter	20
Conveyor Belt	2
Immigration Counter	Arr 12/ Dep 9
Custom Counter	Dep 2/ Arr 4
Security Gates	5
Boarding Gates	7
Car Parking	250 Cars

Operational Features

- ▶ **RUNWAY LENGTH** : 3407 Mtrs
- ▶ **Displacement** : Nil
- ▶ **RESA** : 09/27 240/150 Mtrs.
- ▶ **Apron-I** : Merged in Basic Strip
- ▶ **Apron-II** : 783/140 Mtrs.
- ▶ **OPERATION** : 24 Hours

5

Schematic Layout Showing Road link



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Traffic Data & Projections



Basis of Traffic Projections

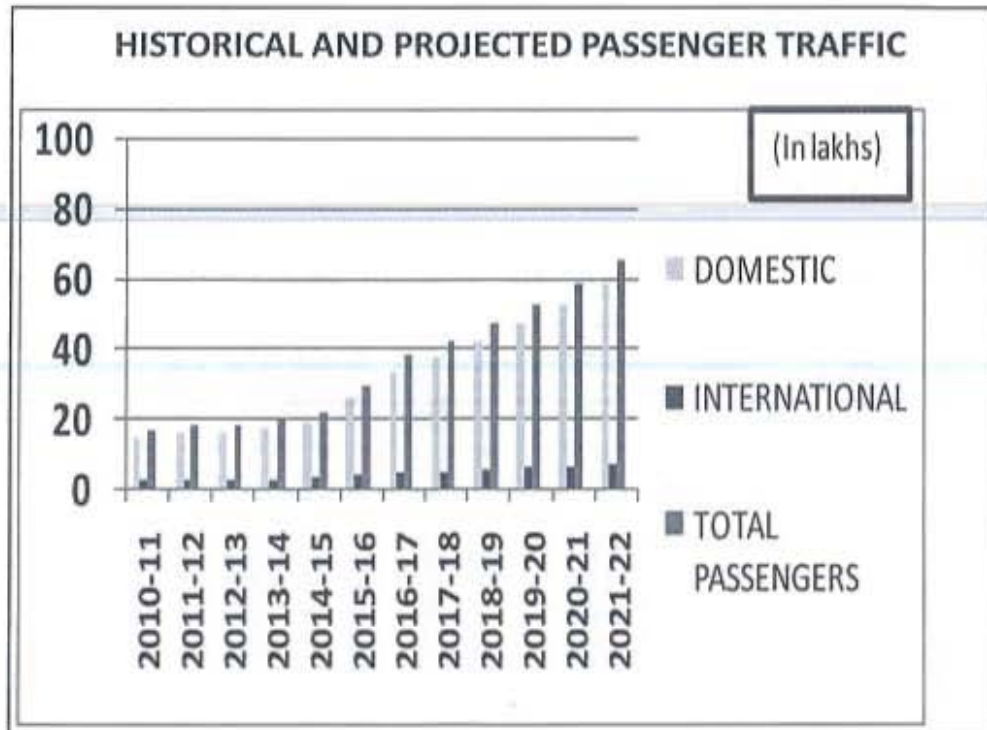
Forecast for Passenger & Aircraft Traffic based by CPMS Department based on:

- Past trends.
- Econometric analysis & regression analysis.
- Considering various economic factors & policy framework etc.

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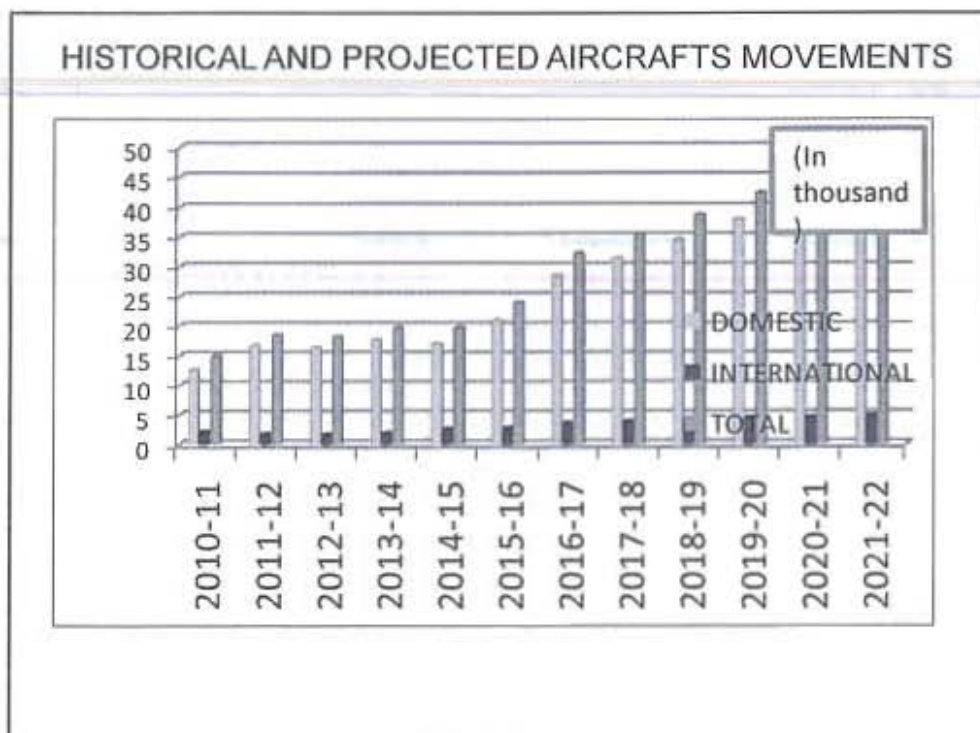
HISTORICAL AND PROJECTED PASSENGER TRAFFIC

Year's	Domes tic	Internatio nal	Total Passengers	Growth Rate		
				Domes tic	Internation al	Total
2006-07	595386	195711	791097	51%	274%	77%
2007-08	1135109	204282	1339391	91%	4%	69%
2008-09	982634	221706	1204340	-13%	9%	-10%
2009-10	1267563	255704	1523267	29%	15%	26%
2010-11	1407838	247374	1655212	11%	-3%	9%
2011-12	1595655	232649	1828304	13%	-6%	10%
2012-13	1574801	227678	1802479	-1%	-2%	-1%
2013-14	1723075	258876	1981951	9%	14%	10%
2014-15	1863493	334503	2197996	8%	29%	11%
2015-16	2523818	363371	2887189	35%	9%	31.36%
2016-17	3332498	450967	3783465	32%	24%	31.04%
2017-18	3732396	487039	4219434.5	10%	6%	9.56%
2018-19	4180283	526002	4706285.1	10%	6%	9.56%
2019-20	4628170	564967	5193137	10%	6%	9.56%



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HISTORICAL AND PROJECTED AIRCRAFTS MOVEMENT TRAFFIC EXCLUDING DEFENCE ,PARA MILITARY MOVEMENTS & GENERAL AVIATION						
Year	Dom.	Intl.	Total	Growth Rate		
				Dom.	Intl.	Combined Total
2006-07	8231	2317	10548	13%	87%	24%
2007-08	16013	2331	18344	95%	1%	74%
2008-09	14057	2953	17010	-12%	27%	-7%
2009-10	15728	2730	18458	12%	-8%	9%
2010-11	12716	2273	14989	-19%	-17%	-19%
2011-12	16733	1870	18603	32%	-18%	24%
2012-13	16460	1800	18260	-2%	-4%	-2%
2013-14	17771	2037	19808	7.96%	13.17%	8%
2014-15	17110	2742	19852	-3.72%	34.61%	0.22%
2015-16	21109	2923	24032	23%	7%	21.06%
2016-17	28990	3744	32734	35.47%	28.10%	34.57%
2017-18	31456	3969	31736	10%	6%	9.56%
2018-19	31000	4000	35000	10%	6%	9.56%



Airport Service Quality(ASQ)

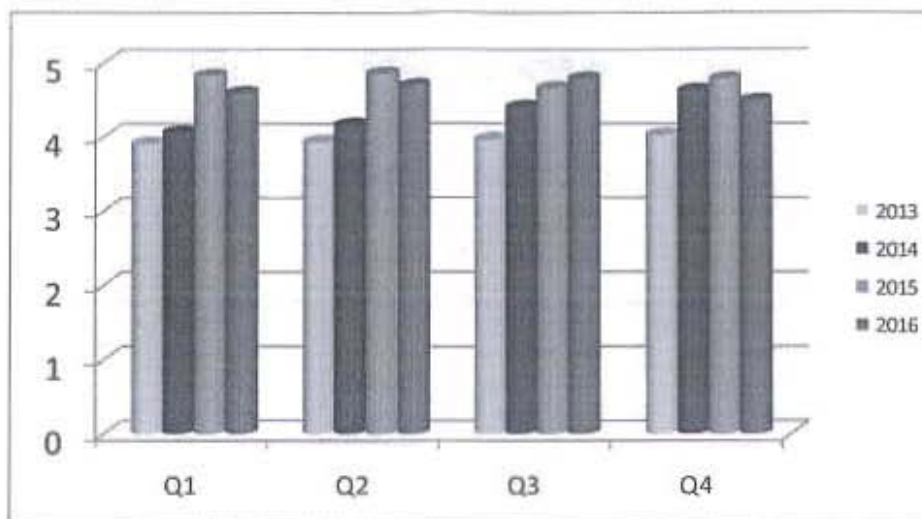
- ASQ Survey is carried out by ACI on 34 parameters on quarterly basis
- Jaipur International Airport is falling under 3 to 5 million category
- ASQ rating for 2012 to 2016 is as given below

ASQ Rating by ACI

Year	2013	2014	2015	2016
Q1	3.91	4.06	4.83	4.60
Q2	3.94	4.17	4.86	4.70
Q3	3.97	4.41	4.66	4.79
Q4	4.03	4.63	4.78	4.49
Average	3.96	4.32	4.78	4.65

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ASQ Rating by ACI



SCHEDULE AIRLINES OPERATING AT JAIPUR

OPERATING AIRLINES	DIRECT LINKS- DOMESTIC
Air India	Delhi, Mumbai
Spice Jet	Delhi, Udaipur, Ahmadabad/Goa, Hyderabad, Jammu & Surat
Jet Airways	Delhi, Mumbai, Chandigarh
Go-Air	Delhi, Mumbai, Kolkata, Ahmadabad, Hyderabad
Air Costa	Operations abandoned
Air Asia	Bangalore, Pune
Indigo	Delhi, Mumbai, Ahmadabad, Hyderabad, Bangalore, Pune, Kolkata, Guwahati, Chennai & Chandigarh

AIRLINES OPERATING AT JAIPUR AIRPORT



INTERNATIONAL

OPEARTING AIRLINES	DIRECT LINK
Air India Exp.	Dubai
Air Arabia	Sharjah
Oman Air	Muscat
Etihad	Abu Dhabi
Spice Jet	Dubai
Thai Smile	Bangkok
Tiger Air	Singapore

17

Capital Expenditure of 2nd Control Period Rs. (In Cr.)

Sl. No.	Name of Work	Capital Cost	Year of Capitalization	Remarks
1	Extension and strengthening of Runway	126.50	2016-17	The work amounting to Rs.126.50 Crores is capitalised in the F.Y.2016-17. The work amounting to Rs.13 Crores will be completed till F.Y. 2017-18.
2	Construction of Parallel Taxi Track including Bridge -2600m	23.00	2017-18	The work is to be completed in F.Y. 2017-18.
3	Construction of Apron, Link taxi & isolation bay	60.00	2019-20	The work is expected to be completed in F.Y. 2019-20.

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Capital Expenditure of 2nd Control Period Rs. (In Cr.)				
Sl: No	Name of Work	Capital Cost	Year of Capitalization	Remarks
4	Expansion of Terminal; Building to cater total 1700 additional passengers (including Electrical works)	1060	2016-17	The work amounting to Rs.1060 Crores will be capitalized in the F.Y.2020-21.
5	C/o Administrative block	9.00	2019-20	The work amounting to Rs.9.00 Crores will be capitalized in the F.Y.2019-20.
6	Construction sub fire station near runway 27 end.	8.00	2018-19	The work amounting to Rs.8.00 Crores will be capitalized in the F.Y.2018-19.



Financial Data for 1st and 2nd Control Period

**Average Regulated Asset Base (RAB)
First Control Period (Amount in Rs. Cr)**

PARTICULARS	TARIFF YEAR 1 2011-12	TARIFF YEAR 2 2012-13	TARIFF YEAR 3 2013-14	TARIFF YEAR 4 2014-15	TARIFF YEAR 5 2015-16
OPENING RAB	257.61	251.39	248.25	240.60	227.53
ADDITIONS	2.61	5.82	1.46	1.85	10.52
DISPOSALS	0.00	0.00	0.00	0.00	0.00
DEPRECIATION	8.83	8.96	9.12	14.93	15.50
CLOSING RAB	251.39	248.25	240.60	227.53	222.55
AVERAGE RAB	254.50	249.82	244.43	234.65	225.04

**Average Regulated Asset Base (RAB) Second Control Period
(Amount in Rs. Cr)**

PARTICULARS	TARIFF YEAR 1 (2016-17)	TARIFF YEAR 2 (2017-18)	TARIFF YEAR 3 (2018-19)	TARIFF YEAR 4 (2019-20)	TARIFF YEAR 5 (2020-21)
OPENING RAB	222.65	339.63	324.38	347.04	408.71
ADDITIONS	134.13	1.87	40.24	80.26	1060.00
DISPOSALS	0.00	0.00	0.00	0.00	0.00
DEPRECIATION	17.15	19.47	20.06	21.64	57.52
CLOSING RAB	339.63	322.03	342.21	400.83	1403.31
AVERAGE RAB	281.14	330.83	332.12	371.52	902.06

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Short Fall of 1st Control Period						
[Amount in Rs. Cr.]						
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	TOTAL
Aggregate Revenue Requirement (ARR)	88.49	101.09	83.12	100.90	92.69	466.30
Aeronautical Revenue	42.99	45.00	46.58	53.15	66.43	254.15
Shortfall	45.49	56.10	36.54	47.76	26.26	212.14
Return on Shortfall (compounding 14%) as on 01.04.2016	42.10	38.65	17.60	14.31	3.68	116.33
Total Shortfall as on 01.04.2016	87.59	94.74	54.14	62.06	29.93	328.47

Shortfall of ARR Recovery of 2 nd Control Period	
PARTICLARS	(Figure in Cr.)
Target Revenue as on 01.04.2016	654.24
Add: Short Fall of 1 st CP as on 01.04.2016	328.47
Total	982.71
Less: Projected Revenue at Proposed rates	517.43
Shortfall in ARR to be Carried Forward to 3 rd Control Period as per AAI	465.28
Shortfall in ARR to be Carried Forward to 3 rd Control Period as per Authority	48.70



**Proposed Rate card for w.e.f
01.04.2017 (F.Y 2017-18 onwards)
2nd Control Period**



**Proposed Landing Charges for International Flights
For F.Y. 2017-18**

Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	240 Per MT
Above 25 MT up to 50 MT	6000+450 per MT in excess of 25 MT
Above 50 MT up to 100	17250+520 per MT in excess of 50 MT
Above 100 MT to 200 MT	43250+600 per MT in excess of 100 MT
Above 200 MT	103250+720 per MT in excess of 200 MT

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Proposed Landing Charges – Domestic Flights For F.Y. 2017-18

Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	160 Per MT
Above 25 MT up to 50 MT	4000+280 per MT in excess of 25 MT
Above 50 MT up to 100	11000+320 per MT in excess of 50 MT
Above 100 MT to 200 MT	27000+390 per MT in excess of 100 MT
Above 200 MT	66000+440 per MT in excess of 200 MT



Proposed Incentives for increasing the Domestic / International Flight Operations

No. of Landing (Domestic) per week per operator for Incentives	Incentive offered on total landing charges
100	1%
125	2%
150	3%
175	4%
200	5%

Incentive on total landing charges will be offered only if the payment is



Proposed Parking Charges


Weight of the Aircraft	Parking Charges Rates per Hour
Upto 25 MT	3.00 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+4.00 per Hour per MT in excess of 25 MT
Above 50 MT up to 100	175.00+8.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	575.00+10.00 per MT per Hours in excess of 100 MT
Above 200 MT	1575.00+11.00 per MT per Hours in excess of 200 MT



Proposed Housing Charges

Weight of the Aircraft	Housing Charges Rates per Hour
Upto 25 MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	150.00+8.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	350.00+16.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	1150.00+20.00 per MT per Hours in excess of 100 MT
Above 200 MT	3150.00+22.00 per MT per Hours in excess of 200 MT

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 Proposed Passenger Service Fee (PSF) Facilitation (w.e.f 01.10.2017)		
Domestic Passenger	Rs. 350 per embarking passenger	\$ 8.75
International Passenger	Rs. 1100 per embarking passenger	\$ 27.50
Note: A 4% increase in rate has been proposed from every year 2018-19 onwards.		

PROPOSED RATE CARD					
FUEL THROUGHPUT CHARGES					
Particulars	Year 2016-17	Year 2017-18	Year 2018-19	Year 2019-20	Year 2020-21
Proposed Rates Per KL	Rs.112.1	Rs. 117.7	Rs. 123.60	Rs.123.80	Rs.136.30
Note: A 5% increase in rate of throughput charges has been proposed from year to year.					

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Proposal No. 12. Regarding tariff rate card

Stand of AERA :-

The Authority noted that AAI has taken 6% inflation rate while determining the Yield per Passenger for tariff years in the 2nd control period and X factor of 0.01% from FY 2018-19 onwards. As per RBI issued Results of the Survey of Professional Forecast on Macroeconomic Indicators – Round 43, the WPI inflation is forecasted to be 3.64% for the next 5 years. The Authority proposes to revise WPI for the 2nd control period to 3.64%.

AAI's View:-

AAI agrees to the AERA's view.

11

Proposal No. 1. Regarding Capital Expenditure

Stand of AERA :-

The Authority proposes to consider allowable capital cost of Rs. 256.40 crore as addition for total assets during the 2nd control period. The Authority notes that the capital expenditure for expansion of terminal building i.e. Rs. 1060 crores is tentative and hence proposes to exclude the same for the tariff determination in the 2nd control period.

AAI should undertake user stakeholder consultation process for major Capex items as per the Guidelines.

The Authority proposes to true-up the Opening RAB of the next control period depending on the Capex incurred and date of capitalisation of underlying assets in a given year.

AAI's View:-

AAI agrees to undertake stake holders consultation as per AERA's guidelines on AUCC.

14

**Proposal No. 10. Regarding Operation and Maintenance
Expenditure Contd....**

Stand of AERA :-

The Authority noted that the Payroll Costs in the operational expenditure have been allocated using percentage of employees for aeronautical services to total employees which is 78%. To account for common service employees handling both aeronautical and non-aeronautical activities, the Authority proposes to use ratio of 94% to % for allocation of payroll costs.

AAI's View:-

It may be considered on the basis of actual i.e. 98.16 : 1.84 : 5% proposed by AERA is felt to be on higher side when the actual is less than 5%. Hence AERA may consider ratio as per actual.

35

**Proposal No. 10. Regarding Operation and Maintenance
Expenditure Contd....**

Stand of AERA :-

The Authority noted that apportionment of retirement benefits provided in CHQ in respect of Trivandrum airport and apportionment of admin CHQ/RHQ expenses have been considered as 100% aeronautical expenses. The Authority proposes to use the ratio of 90% to 10% for aeronautical and non-aeronautical allocation.

AAI's View:-

The actual amount of retirement benefits for Non Aero employees can be calculated & deducted from the Retirement benefits appearing in the Form 11(b) under the head retirement benefits of Trivandrum employees. Considering 10% as Non Aero portion towards retirement benefits is considered to be on higher side when the actual salary expenses for Non-Aero staff is less than 5% , AERA's view point contradicts, in case of payroll the Aero & Non Aero expenses considered as 95%:5% whereas for retirement benefits of the same employees it is considered as 90%:10% . The above two ratios may be considered uniformly because the nature of expense is same. The actual ratio of Aero vs Non Aero expenses for retirement benefits on the basis of no. of employees, comes to 97.90% :2.10% . Hence AERA may consider as per actual.

36

Proposal No. 10. Regarding Operation and Maintenance Expenditure Contd....

Stand of AERA :-

The Authority noted that O&M expenditure at TVM is on higher side and expects AAI to reduce the O&M expenditure.

AAI's View:-

AAI would endeavor to reduce the operating expenditure .

37

Proposal No. 11- Regarding Taxation

Stand of AERA :-

AAI vide their submissions dated 29.11.2016 calculated tax for aeronautical services under hybrid till taking into account 30% of revenues from services other than regulated services as part of total revenues. As per MIAL Order No. 32/2012-13 (Decision No. XV), the Authority had decided to consider corporate tax pertaining to earnings from aeronautical services under shared till. Therefore, the Authority proposes to exclude non-aeronautical component from revenues considered while determining tax for aeronautical services.

AAI's View:-

As per MIAL Order No. 32/2012-13 (Decision No. XV), the Authority had decided to consider corporate tax pertaining to earnings from aeronautical services. In order to compute ARR ,30% Non-Aero revenue is deducted in order to arrive at ARR . Tax portion pertaining to 30% non aero adjusted against ARR may be considered by AERA.

38